

# **ADEPT Political Commentaries**

October-December 2002

## **Bashkan elections in Gagauz Yeri**

October 2, 2002

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Bashkan elections are scheduled in Gagauz-Yeri for October 6. The electoral campaign is characterized by mutual suspicions of falsification. In fact the upcoming elections is a way of settling the conflict arisen in January. Back then, after a control conducted by the Court of Accounts, Gagauz Yeri Parliamentary Assembly initiated the procedure of ousting the incumbent Bashkan. The initiative was supported by the President Vladimir Voronin who accused Bashkan Dumitru Croitor of embezzlement and called him a thief. Gagauz administration denied the accusations and opposed the referenda on ousting the Bashkan, which resulted in scission of the Parliamentary Assembly. Later on Dumitru Croitor and Ivan Burgugji, Chief of the Protocol Section of the PA were investigated for obstruction to referenda. In their turn, the two claimed the referendum was illegal and running counter to the Republic of Moldova laws.

Domestic analysts believe those political games impaired the executive branch in the region and thwarted some extremely important investment projects in the southern region of Moldova. The investigation launched against him and his supporters determined Bashkan Croitor to resign in the summer of this year. In its turn the resignation led to early elections scheduled for October 6.

One may say that the Bashkan position is disputed by the Communist Party representative Gheorghii Tabunscic, on the one hand and another five candidates on the other (Stepan Topal, Ilia Stamat, Mihail Formuzal, Gheorghii Burgudji and Constantin Tausanji), the latter stand to some extent in opposition to the Communist authorities. It is believed Tabunscic counter-candidates decided to run separately in elections so as not to allow him to win in the first round of elections, and to join their forces in the second round in order to defeat Tabunscic. The same tactics was used in 1999 when Croitor defeated Tabunscic.

It is generally believed that Gheorghii Tabunscic has great chances to win the elections especially as he enjoys the support of the Communist Party. Gagauz observers report that the entire apparatus and national governmental press work for the electoral staff of the Communist candidate. Although Tabunscic is not a member of the Communist Party, in 2001 he entered the Parliament of the Republic of Moldova on the Communist Party list. He held the Bashkan position in 1995 - 1999. Tabunscic runs as an independent candidate in the current elections, although he enjoys the support of the governing party. Consequently, the Communist Party decided to allow Tabunscic to use the Communist Party electoral symbol - the hammer and the sickle - in his electoral campaign. President Voronin present at the meeting when Gheorghii Tabunscic was designated as a candidate to the Bashkan position highlighted the Communist Party objectives in Gagauz Yeri, namely Tabunscic's victory in elections in the first round. Also, the President briefed the Communist Party activists on the electoral tactics to be employed in order to secure the victory. Thus, they have to have door-to-door meeting and talk to every voter and convince him or her to vote for Tabunscic. It seems that the Communist activists took the President's advice too seriously. The representatives of Civic Initiative of Gagauz Yeri (coalition formed of several non-governmental organizations in the region) claim that Communist activists together with local government representatives started

collecting citizens' ID on the pretext of collecting data for a census. One may suppose those actions are intended to intimidate the voters and use those data to manipulate the voter rolls, especially as many Gagauz Yeri residents left abroad in search of a job. An illustration of this, is the way the meeting, when Tabunscic was designated as a candidate, was covered in mass media. Thus official press in Comrat, namely "Vesti Gagauzii" reported the event as meeting of the Communist Party activists with the President of the country, as a reunion held to designate Tabunscic as a candidate in elections. Chisinau official press reported the same very meeting as a "Forum of the Gagauz Yeri Civil Society". Another illustration of manipulation intentions is that under the decision of the Gagauz Yeri Central Electoral Commission ballots were printed at a private Printing House owned by the Chief of the Communist candidate electoral staff. Civic Initiative observers pointed that almost all electoral commissions have been staffed with persons loyal to the governing party or even party members. When there were doubts with regard to the loyalty of the poll worker the position was simply left vacant. The same observers claimed Communist authorities had fully used the so-called "administrative lever". Another illustration is the election coverage in mass media. Seventy percent of the airtime at the Radio and TV was granted to the Communist candidate, whereas the printed media provided space only for the Communist party program. Furthermore, delegations of high-rank Chisinau officials invaded Gagauz autonomy to support Tabunscic and to exercise pressure on city and village executive bodies.

The polls indicate that from among opposition candidates Stepan Topal has the greatest chances to make it to the second round. Mr. Topal was the first President of Gagauzia (1990 - 1995), at the time the region declared its independence from the Republic of Moldova in 1990. It is believed Topal's great chances are due to his appeal to national patriotic feelings. He is always presented as the architect of the Gagauz Autonomy, who opposes the plans of the Communist party and its candidate to undermine the statehood of the autonomy.

A good sign for Topal is the fact that just several days prior to elections one of the candidates, Ivan Burgidji, withdrew from the race in his favor. Also, Topal enjoys the support of the former Bashkan Dmitri Croitor. In fact according to some allegations the political crisis, which made Croitor resign, was staged by Gheorghii Tabunscic.

Interestingly enough Topal's electoral campaign exploits the achievements of Croitor governing. The fact that the autonomy budget doubled during the latter's governing is cited. Furthermore, pensions, arrears to the wages were paid during the Croitors' governing. During Tabunscic's governing salaries were not paid for years, and if paid then with altered food. As for agriculture, Topal makes reference to the fact that during Croitor's governing "Pamint" project was implemented with the financial support of USAID, which enabled a boost of agricultural farms. Also Topal cites the level of processing the land during the governing of the previous two Bashkans. Another argument, impressive investments from Turkey, Italy and Russian made during Croitor governing, and new jobs created at the time when active citizens flee the country in search for a job.

Another opposition candidate, Mihail Formuzal, has great chances only in Ciadir-Lunga, where he is the Mayor and in the nearby villages. Formuzal is believed to be open-minded and a good practitioner, who managed to establish a favorable environment for investments in Ciadir-Lunga and thus outnumber the investments in the capital of the Gagauz Autonomy - Comrat. The animosity existing between the two cities greatly decreases Formuzal's chances in elections.

The chances of Ilia Stamat are also very modest. Stamat was a member of the Communist Party and even got in Parliament on the Communist list (1998 - 2001). He was excluded from the Communist faction due to the fact that in the second round of 1999 Bashkan elections he supported Dmitri Croitor, rather than the Communist candidate Gheorgii Tabunscic. It is believed that Croitor appointed Stamat as the Head of the Foreign Economic Relations Department in appreciation of his support. Upon Croitor's resignation Stamat had to leave his job as well. Stamat has a pro-Russian electoral message and a "bear" as his electoral symbol. Obviously the symbol comes from "Edinstvo" ruling party in Russia, so as to exploit the sympathy of the locals for Russia.

Although known for being a good manager, Cahul Municipality Mayor, Constantin Tausanji, has very few chances to succeed. Local observers point that one of his drawbacks are the various political compromises he made during his career, which indicate his lack of principality in matters related to the "fate of the Gagauz People". Independent observers expect that election results would be falsified so as to ensure the victory of the Communist candidate or at least to declare elections invalid if the first variant is not possible. Nevertheless, Civic Initiatives managed to recruit and train 70 independent observers due to monitor elections in 62 polling stations. Furthermore, the League for the Human Rights Defence (LADO) would also monitor the elections with another 70 observers. Also international observers from the Congress of Regional Powers of the Council of Europe and OSCE would monitor the elections. Although the high number of observers is an encouraging news for the opposition candidates, it still remains to be seen if their mission would have any crucial impact. It is believed that electoral frauds are committed much earlier than on election day, i.e. by employing "the administrative lever" and intimidating the voters, in fact the governing party already succeeded in this. Gagauz observers believe the governing party would use the experience of manipulating elections in Gagauzia to replicate it in the general local elections scheduled for next spring.

## **Perspectives of NIS development**

October 14, 2002

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The great majority of domestic observers view as very modest not to say null the impact of the Community of Independent States (CIS) Summit hosted in Chisinau on October 6-7. On the other hand, as Summit organizers Moldovan authorities see as positive the impact of the event and are overoptimistic about its future. Furthermore, official press undertook considerable efforts to highlight the "innovatory" and even "savable" proposals made by the President of the Republic of Moldova, Vladimir Voronin, which are to have a crucial impact on the CIS future.

Pessimistic forecasts voiced by domestic observers are inspired by the statistics of previous Summits, indicating periodically either the end of the Commonwealth or its revival. And there are enough grounds for this. Firstly, never there was a clear-cut concept on how CIS should look like, namely ideology, structure, institutions and activities. After the URSS Slavic founding countries (Russia, Ukraine and Belarus) decided in 1991 to dissolve the union they launched another idea, namely to establish the Commonwealth of Independent States, which was to replace the URSS. The aim of the union was to diminish the shock soviet citizens would have upon the collapse of the "socialist motherland" and to preserve the economic ties between the former Soviet Republics, excessively centralized during soviet times. According to the memoirs of the former soviet high rank officials CIS was seen by the Russian leadership, which had the decisive contribution to the collapse of the soviet empire, as an intermediary short-term stage in the process of restoring the common state. An illustration of this is the statement made in 1993 by the most liberal Foreign Affairs Minister of Russia, Andrei Kozirev, reading that CIS would be a region under Russia's exclusive sphere of interest. The economic and political problems Russia created, rather intentionally, to the former Republics in order to keep them under the same sphere of interest is one of the methods employed to achieve the said strategy.

It's easy to understand then why Russia opposed the establishment of a "free economic zone" within CIS, and preferred to keep the former Soviet Republics in a economic and infrastructure dependence to the former metropolis. An illustration of this is the monetary reform, secret and rapid introduction of a new Russian Ruble on January 1, 1992 only several weeks after the official establishment of CIS at Alma-Ata. The move greatly hit the financial systems of the CIS member states and was probably intended to prove that the newly independent states wouldn't survive on their own and that restoration of a single state was binding.

This is in short the background of CIS. If Moldovan political elite believes that a viable and promising structure could be based on such a foundation, one may only wonder what are its perspectives. Distortion of the events leading to the establishment of CIS won't mask its real origin. For example the argument brought up by Moldovan authorities that the introduction of the national currency led to the devaluation of citizens' deposits and that they intend to repay them within 15 years is a mere propaganda. It's known for a fact that the introduction of the national currency was the last-ditch to save the financial system of the Republic of Moldova hit by the Russian monetary reform. This was proven once again in 1998 when the Russian financial crisis seriously damaged, but didn't ruin Republic of Moldova's economy.

The examples cited above explain why the 1,300 documents adopted during the more than 60 Summits haven't been enforced so far. CIS officials do not believe that the Commonwealth is viable. Another argument in this respect, is the fact that none of the existing conflicts was settled, rather a moratorium was set on them so as to allow space for maneuvers to "the main strategic partner" in achieving the objectives highlighted in the aforesaid memories of the soviet moguls. Consequently, one may say CIS member states are kept together rather by the inner conflicts than by the vision of a common future. The recent conflict between Russia and Georgia indicates that the former views the rest of member states as mere hostages. The decision of the Georgian Parliament to leave CIS was annihilated by a simple mention of the fact that 70% of breakaway regions Abkhazia and South Osetia are citizens of Russia. Republic of Moldova found itself in a similar situation. Leaving CIS might intensify the conflicts within the member states and eventually lead to the dissolution of those states. That is why pro-CIS statements aren't inspired by a vision of a common future, but rather by the need to prevent a worse situation become a catastrophe. In this respect solutions are being sought and initiatives of gradual or multi-dimensional integration based on bilateral relations have been launched. New unions occurred within CIS having different or even opposite interests, namely Russia - Belarus Union, GUUAM, Central Asian Community, Customs Union, and Euro-Asian Community. Indeed, after Alma-Ata Summit Russian leadership called member states to define their interests in CIS so that the Commonwealth could be restructured accordingly. However, the disputes between Russia and Belarus, continuous commercial conflicts between Russia and Ukraine, tensed relations between Russia and Georgia prove that the pragmatism within CIS has only generated new conflicts. Coupled with the periodic conflicts between Moldova and Ukraine, Armenia and Azerbaijan, and would-be conflicts between Caspian countries, one may conclude that the Community has very meager chances to survive.

It's an illusion to believe that the "innovatory ideas" launched by the President of the Republic of Moldova would save the CIS. After all, CIS is deemed to have one single purpose, namely to remain Russia's sphere of interest. But this cannot last forever and there is some evidence to this. On the one hand, Central Asia countries having no joint borders with Russia and managed to avoid breakaway conflicts are now becoming increasingly independent. Thus, Turkmenia continues to ignore CIS Summits. Uzbekistan and Kyrgyzstan allowed US military to station on their soil. Interestingly enough, on the eve of Chisinau Summit Uzbekistan Prezident Islam Karimov stated that he would allow US Forces to be stationed in the country for an unlimited period of time.

On the other hand, NATO and EU extension, besides bringing welfare to the associated countries, also opens new opportunities for the citizens of neighboring CIS countries. That is why orientation towards EU would be very difficult to annihilate in the neighborhood CIS countries. EU has already launched the idea to establish a special neighborhood status for the following countries: Belarus, Ukraine and Moldova. However, it seems this is only an intermediary measure. The said countries themselves come to the understanding that EU enlargement would bring new opportunities, but also new challenges. In this respect Belarus President indicated a possible orientation of his country towards the West should the Russian President insist on the unification of the countries under federalist principles. Ukrainian authorities also indicated their interest in European integration. It seems that the

figures of Lukashenko and Cucima compromised in the eyes of the international community are one of the most important obstacles in promotion of a serious pro-UE policy. Consequently, in order to stay in power the two have to mock a pro-CIS option.

Obviously a community run by compromised leaders do not inspire much credibility. Even Moldovan leadership understands this fact. On the eve of the Summit Moldovan President insisted on establishing a special commission responsible for EU integration, idea launched long-time ago by the center-right political parties. It is very unlikely the President would have insisted on such a structure if he had been confident CIS might become a viable political and economic unit. Indeed, claims made by some politicians that Russia might become attractive from political and military point of view are rather illusory. Let's just say that Russian economy represents 3% of the American one and equals Portuguese one, whereas military expenses equal those of Switzerland. Let aside serious demographic problems, it is a huge challenge for Russia to catch up the strongest world economies such as US, EU or China, even if it scores economic breakthrough. Given Russia's declared intentions of European integration, its claims to become a separate center of attraction would place it at the EU outskirts. Consequently, Russia's satellites would be deemed to be at the outskirts of the outskirts, even if some of them would lie between EU and Russia. Furthermore, Baltic States showed that breaking the ties with the metropolis might be benefic. And there are the Asian Republics examples tending to have a higher degree of independence.

Given the above said, one may salute the initiative of President Voronin to reform CIS based on the legal framework adjusted to the EU one. This is the least CIS countries could get - a legal framework adjusted to the EU - after compromised leaders and those bearing old ideologies leave. This would aid CIS countries to readjust their strategic orientation based on an economic assessment and examples set by the neighborhood countries. If CIS countries take Voronin's recommendations seriously, then one may say Chisinau Summit was indeed of crucial importance. It remains to be seen how those initiatives will be enforced and whether the 23% personnel cut would contribute to it. However, Voronin's initiative bears some risks as well. The fact is that EU laws are based on liberal and not on communist doctrine. Consequently, if implemented the initiative may ruin the Communist party run by the President Voronin, if not it may ruin CIS. Let's see then who survives the Communist party or CIS?

## **Amending the Law on Political Parties**

October 21, 2002

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One of the most controversial issues related to political parties has been the minimal number of members required for the party registration. The issue has taken center stage again after Christian-Democrat deputies submitted a draft law on amending the Law on Political Parties providing for the increase from 5,000 to 15,000 of the minimum number of party members. This is the second time in the last four years the issue has drawn public attention. In 1998 the number of party members required for registration was increased 15 times, i.e. from 300 to 5,000. At that time there were more than 50 parties in Moldova. Immediately after 1998 parliamentary elections the newly established majority coalition, Alliance for Democracy and Reforms decided to "clean the political spectrum". The Alliance brought several arguments in favor of such a cleansing: "what's the use of 50 parties when only 15 of them run in elections and only 4 of them passed the 4% threshold of representation". Another argument was that the high number of political parties only confused the voters in elections and that small parties never learn anything from the elections they loose.

After the 1998 amendment to the Law on Political Parties only 25 parties managed to re-register. However, the number of political parties continued to rise and as of early 2001 there were 31 parties registered. A totally different process started one year after 2001 early parliamentary elections, namely fusion of parties sharing similar political doctrines. That is why one may argue whether it is the right moment to operate amendments to the said law and impose drastic restrictions for parties' re-registration at the time voluntary mergers started. Thus, during the year the Social-Liberal and the Liberal Parties have consolidated. Furthermore, a merger of parties sharing social-democratic doctrines is to be expected.

One may agree that Christian Democrat's initiative is logical: they were the ones recommending in 2000 to raise the threshold of representation from 4% to 6%, whereas this year they have succeeded in introducing the successive threshold (9% for electoral blocs formed out of two parties and 12% for blocs formed out of three and more parties). Needless to say, only strong political parties may pass such a threshold. Even if the initiative seems logical, it is worth consulting the public opinion and international experience in the field. The well-known political scientist, Maurice Duverger believed "political parties are not organized strictly in line with democratic orthodoxy. Their internal structure is essentially authoritarian and oligarchic". If we are to consider the criticism brought to Moldovan political parties, it coincides with Duverger's theory. Indeed, a series of political parties underwent scissions or even succumbed because of the authoritarian methods employed by their leaders and the lack of transparency in decision making. Under those circumstances, raising the number of members required for party registration to 15,000 bears some risks; namely only several political parties would survive. Facing no competition at all on their spectrum surviving parties might yield to corruption. And there are enough grounds for such fears. To mention just the steady decrease in the voter turnout, meaning that the offers made by the incumbent political parties do not meet their expectations. An illustration of this is the election results in Gagauz Yeri. In this respect it is a great mistake to believe that the electorate of the political parties failing to re-register, would take part in elections. Consequently, in order to be consistent Christian-



Democrats would have to recommend abolishing the 50% voter turnout required for election validation too. That was the case of Ukraine.

Noteworthy, a study conducted by the European Center for Free Elections and Democracy shows that regardless of the population size the minimum number of members required for party registration should be around 3,000 in order to achieve an adequate party system. At the same time, in the Republic of Moldova the minimum number of party members is not indicator of the party capacity to influence the voters. Thus, on the eve of 1998 elections the Agrarian Democratic Party declared they had 60,000 members, as did the Christian Democratic Union. The former was cast 63,000 votes and the latter 8,000. On the other hand, the Communist Party, which claimed only 12,000 members, was cast 800,000 votes in 2001 parliamentary elections. Furthermore, signature collection for the party registration might turn into a huge political scandal, as was the last summer case of signature collection and authentication for initiating a referendum on changing the electoral system. This would be even more complicated on the eve of upcoming 2003 local elections.

Indeed a favorable environment boosting the formation of new parties should be established, at the same time new mechanism should be created for dissolution of the parties failing to gain voter's votes during several electoral campaigns. The formation of new viable parties would be impossible, if such barriers are raised. It is practically impossible to convince 15,000 citizens right at the beginning to enter the party. Only after registration, once the party acquires a legal status and a good team it may start promoting its political offer among potential voters and sponsors. From this perspective, the minimum number of members required for party registration should be decided based on the party capacity to fill the party structures with competent people able to ensure its viability.

In fact, this is already happening in the Republic of Moldova. After the collapse of center-right parties in the 2001 parliamentary elections, a group of young intellectuals founded the Social Liberal Party, thus providing a new alternative to the center-right voters. It is too early to judge on the success of the new party, however the fact that it has become a center of attraction for youth and other parties wishing to adhere inspires some optimism. Indeed, the existence of 15,000 members requirement would have definitely discouraged the party leaders to venture in politics. As for the numerous parties incapable of succeeding within several electoral campaigns, they might be dissolved. This is the case of Mexico, where the parties failing to gather 2% of the votes during two electoral campaigns are dissolved.

In the well-established democratic countries there are no restrictions with regard to party registration. However there are restrictions with regard to participation in elections. In the Central and Eastern Europe, let's say in Romania and Russia laws provide for a minimum number of 10,000 members for the party registration. However, Romanian population is five times the Moldovan one, whereas Russia's is 35 times the Moldovan one. In Bulgaria, for instance parties are registered provided they include 51 members. Kazakhstan legislation is the strictest one, requiring for at least 50,000 members for the party registration. Kazakhstan population is three times the Moldova one. If Christian-Democrats amendments are approved then the ratio population number / numbers of party members required for registration in Moldova shall equal the Kazakhstan one. This would be a questionable performance indeed.

## **Theoretical benchmarks of the Moldovan communists**

October 28, 2002

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At the V Plenary of the Communist Party of the Republic of Moldova hosted in May, an idea was voiced to amend the governing program approved exactly a year ago, within several months of the Communist' victory in early parliamentary elections of February 2001. The Communist press has responded to the call by launching public debates on the theoretical benchmarks such an amendment should be based upon.

Noteworthy, although the idea to modify the bylaws was launched by the President of the Country and Party Chairperson, Vladimir Voronin, personalities unknown to the general public of the second or even third layer of the party hierarchy are the ones debating on the theoretical approach. The fact could be explained by the huge discrepancies between the declarations and policies promoted by the party elite and the Marxist principles shared by the lower level party members. For instance last year, during the Plenary the party leadership was accused of promoting a revisionist policy. And there are certain grounds to such accusations. Firstly, during the President inauguration ceremony, Vladimir Voronin stated that "society division into classes should be ended". Secondly, he also made a series of liberal declarations especially with regard to economic development. And finally, the governmental press quoted President as saying he would neither build Communism, nor socialism.

All the aforesaid runs counter to the Marxist-Leninist principles provided in the Communist's governing program, which makes its revision a must. Indeed, Communists' inclination towards program revision is not a result of changes in their beliefs, but rather a constraint to promote an opportunistic policy conforming to the domestic and foreign political context. Firstly, Communist leaders acknowledged that being in opposition they failed to comprehend the changes happening in the recent decade in Moldova and worldwide, rather they exploited citizens' nostalgic attitudes. Secondly, as a result of the non-stop protest rallies Moldova ended under close monitoring of the Council of Europe. Thirdly, Communist movements in the former Soviet Republics, especially in Russia and Ukraine, suffered a huge loss during the last year, thus tempering nostalgic attitudes towards the revival of the communist movement in the former Soviet republics. And last but not least, Republic of Moldova's dependence on the credits provided by international financial organizations, forced the governing party to adopt an economic policy coordinated with those institutions.

That is why the debates launched in the Communist press are aimed to influence the party political course in view of keeping it within the doctrinaire limits. Indeed the middle and the most indoctrinated and conservative wing of the party gets its inspiration from Lenin's works, especially from "What is to be done?". The conclusion reached by Lenin in that work is that "leading role in fighting for the workers' rights could be assumed only by a party endowed with advanced theory". The said conclusion was based on Engels' theory about the three forms of fight: economic, political and theoretical; as well as on Marx's believes that theoretical principles may not be auctioned for achieving practical goals. Currently, one may say party elite totally ignores theoretical approach, whereas the policy it promotes is an opportunistic one.

The middle wing faces some difficulties in applying Leninist principles to modern realities. As 100 years ago, (when "What should be done?" was written) there was a working class in Russia, as well as an "advanced theory", i.e. the Marxist one. The latter two determined Lenin to establish the Bolshevik party so as to seize the power in the interests of the working class, and later on in order to edify a Communist society. On the other hand, totally different things happen in Moldova nowadays. There is a Communist Party in power opting for the same Marxist-Leninist values and for building Communism. However the party theoreticians acknowledge their failure to grasp the class structure of the modern Moldovan society. Also, the working class, which they are supposed to represent, has disappeared. Consequently, Communists cannot decide whose interests to represent. After two years of governing, Moldovan Communists are still optimistic that the working class would reemerge one day. The example they cite in this respect is pretty annoying, namely "Topaz" factory whose shares have been recently sold by the Communists to a private venture, began to hire workers. The examples leads us to the conclusion that Communist authorities would use privatization of the state property to stir a contradiction between the labor and capital, so as to be able justify their existence as defenders of the exploited workers in the future. They call this a dialectic approach. Indeed, if the power is in the Communists' hands, then why don't they hire workers at the state factories so as to avoid the conflicts between labor and capital? Of course, Communist theoreticians are trying to find an answer to the question, which still is very annoying. They believe workers were spoiled as the hegemony during the soviet times, whereas nowadays they refuse to work for meager salaries. Probably, this also explains why more than 600,000 Moldovan proletarians prefer to be exploited in the capitalist Europe and refuse to return in Moldova, knowing that the Communists, who recommend themselves as their defenders, are in power.

Also due to the soviet time spoiling, nowadays the working class prefers to sell its labor at a very high price, which scares potential investors away. If Communist theoreticians were consistent in their syllogisms, they would have to conclude that their victory in 2001 parliamentary elections was the result of the spoiled citizens' expectation that once they bring Communists to power they would get in return living standards they enjoyed during URSS. If so, then the next natural conclusion would be that URSS was an empire of evil, which contributed to the degeneration of the working class, fact proven by the lack of foreign investments. The latter in its turn would tarnish the enforcement of the ruling party's electoral program. As a result the party would have to comply with the existing realities, namely to get bourgeois.

## **Worsening relations between Chisinau and Tiraspol**

November 11, 2002

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In early November OSCE and guarantor countries' experts have declared that negotiations between Chisinau and Tiraspol reached a deadlock. According to them, negotiations could be resumed only after the parties clarify their positions and interests in settling the conflict via federalization of the Republic of Moldova. Rather it would be more appropriate to say that since OSCE presented the draft on federalization of the Republic of Moldova, negotiations haven't even started. Only several consultation meeting were held in August - October between the five parties. Furthermore, those meeting were accompanied by a tough propaganda war. For instance Chisinau propaganda machine for one year didn't cease speaking about "Smirnov Mafia and criminal regime", whereas Tiraspol about "economic blockade" and 10-th anniversary of the "Moldova's aggression against the Transdnistrian Republic". That is why the fact that bilateral relations are the worst since 1992, comes as no surprise. Tiraspol's new initiative falls perfectly within OSCE's recent call to Chisinau and Tiraspol to clarify their positions. Thus Tiraspol intends to show that it has not only military but also economic power equal to Chisinau. That is why both parties would be treated equally at the negotiation table, as provided for in 1997 Memorandum signed by Republic of Moldova President, Petru Lucinschi, and Transdnistrian Leader, Igor Smirnov.

In this respect, on November 4 Transdnistrian leader, Igor Smirnov, issued a decree on an additional 20% tax on the goods imported from the Republic of Moldova. According to Smirnov the action was nothing but "an adequate response to the economic blockade set by the Republic of Moldova" when it introduced new customs seals, as a result of its adhesion to the World Trade Organization. According to Tiraspol "economic blockade" is Chisinau's refusal to unconditionally hand it over its customs seals, so that Tiraspol could continue its uncontrolled foreign trade.

Given the above said, the deadlock reached in negotiations was easy to foresee. That is why last summer debates in mass media were pointless. On the one hand, Moldovan authorities, failing to understand what exactly the federalization means and how could it be achieved, were keen to announce loud the success awaiting them in settling Transdnistrian conflict once OSCE had presented its federalization plan. Democratic Agrarian Party, the two Socialist parties and Ravnopravie Movement unconditionally supported authorities' position. On the other hand, center-right forces opposed federalization. Social-Democratic parties agreed in principle to federalization, however insisted on the ways it could be achieved.

In Transdnistria, on the contrary OSCE draft wasn't received with much enthusiasm. Only the Chief of Diplomatic Service, Valerii Litskai, expressed some optimism with regard to the federalization plan, immediately after Kiev reunion where it was first presented. Local experts pointed that Litskai had a big price to pay for this, as he was for a long time in Smirnov disfavor. Later on, Tiraspol leaders formulated a new position, totally different from that of Chisinau. Thus, the Chief of the Supreme Soviet of Tiraspol, Grigorii Marakutsa and Litskai stated they saw no difference between a federation and a confederation. For them the most acceptable variant of

building a unified state is the Serbia-Montenegro model, or the way Bosnia was formed in line with the Dayton agreement.

Let's then consider the differences. One may say in Chisinau the Communist Party and the Social Democratic Alliance agree in principle with the federalization plan. Both see federalization as a realistic scenario. Indeed, if Russia were considered to be the main strategic partner and mediator in the negotiation process, then it would have a major saying in the process. Evghenii Primakov, former Prime Minister voiced Russia's position on the resolution of the Transdnistrian conflict: neither Moldova a unitary state, nor Transdnistria an independent state. On the other hand, another Russian official, Boris Pastuhov stated that in the settlement of the Transdnistrian conflict "Russia would withdraw from Moldova upon the withdrawal of its munitions, however it would do so in such a manner so as to stay there forever". This in fact summarizes the framework for settling the Transdnistrian conflict. And that is exactly why Communist Party and Social-Democratic Alliance view federalization as acceptable. Domestic experts believe Communist Party lacks a clear vision on how federalization could be achieved; nevertheless it supports federalization, as it would imply a constitutional reform. The latter would allow them to keep up electoral promises on which a moratorium was set under the PACE Resolution, namely declaring Russian a state language, revising the history taught in schools, etc. However, the risks of federalization are hard to evaluate. Even if we admit that an agreement would be reached with Tiraspol on a classic federalization model, as the German one, still two extremely complicated problems would arise during the federalization process.

The first one is related to the number of the Federation subjects. Transdnistrian leaders insist on a federation formed by two subjects enjoying equal rights and equal representation in the Upper Chamber. The situation gets even more complicated as the Gagauz leaders insist that the autonomy should also be a subject of the federation, enjoying the same rights as the other two. In fact, the newly elected Bashkan (Governor) Gheorghe Tabunshcik, supported in elections by the Communist Party promised the very same thing during the electoral campaign. However, a federation formed out of three subjects based on ethnic criteria, having asymmetrical structure would be very dangerous, especially as Tiraspol and Comrat used to be strategic partners in fighting against Chisinau in 1990 - 1994. Upon federalization, those two subjects would hold 2/3 of the seats in the Upper Chamber of the Bicameral Parliament. This scenario is totally unacceptable for Chisinau.

Given the aforesaid, it's difficult to understand how Moldovan authorities see federalization in action. In fact, President Vladimir Voronin refrained from commenting on the issue. Only the Prime-Minister Vasile Tarlev, several Communist deputies, and governmental press endorsed the federalization process, without giving further details.

Social-Democratic Alliance sees federation as formed of 7-8 subjects acting within the limits set in the OSCE draft. This would allow decentralization of power in the Republic of Moldova and would compensate for the would-be domination of Transdnistria and Gagauzia in the Upper Chamber of the Bicameral Parliament. However, this scenario runs counter to the Communist Party plans to reform administrative-territorial units. Communist Party didn't give up the idea of restoring

rayon system, depriving administrative units of economic sustainability. In such a case, rayons may just be internal units of a federation subject. This would very much complicate the structure of the federal state.

The second problem relates to the federation building procedure. It seems Chisinau prefers Republic of Moldova federation to be built according to the Russian Federation model. Namely, the center would grant additional prerogatives to the provinces, until they acquire the status of federation subjects. Under this scenario in the future federation national sovereignty would belong to all Moldovan people, not just its subjects. It is not surprising that 42 articles of the federalization draft were copied from the Constitution of the Russian Federation.

However, Tiraspol leaders do not accept the said method. They would rather prefer a federation formed by equal subjects according to the US model. For this to happen, Republic of Moldova would have to firstly recognize Transdnistria's independence, and then the two equal subjects would conclude an agreement on founding the federation. It was Transdnistria's supporters and lobbyists in Russia, such as Constantin Zatulin, who recommended Tiraspol this scenario. It implies that the sovereignty belongs to the subjects of the federation which choose to delegate some prerogatives to the federal center. Indeed, if the subjects were to disagree on any issue, they would withdraw the prerogatives they had delegated. That is exactly why Tiraspol leaders claim there is no difference between a federation and a confederation. This time, the scenario is unacceptable to the Republic of Moldova. If Republic of Moldova were to make the first step and recognize Transdnistria, there would be no guarantees that Transdnistria would make the second step and sign the federative agreement with the Republic of Moldova. Even if this was to happen, Transdnistria's status as founder of the Federal Moldovan state would trigger a real revolution in the RM statehood and would tie the country forever to Russia. The said scenario would grant Transdnistria independence and entitle it to interfere in the RM internal affairs. Probably that is exactly what the Russian dignitary meant when saying that Russia should leave Moldova in such a manner so as to stay there forever. It is very unlikely that the opposition would go for such a scenario.

Going back to the recent developments we should mention that Moldovan Ministry of Foreign Affairs reacted rather strangely to Transdnistrian initiative to set an additional tax on goods imported from the RM. The Ministry appealed to foreign Embassies operating in Chisinau to assist them in settling this difficult situation. Needless to say, only guarantor countries could interfere. It is worth mentioning that Chisinau and Tiraspol relations reached a deadlock immediately after Smirnov's consultations with Moscow. Furthermore, one could notice Russia's increasing support to Transdnistria recently. For instance, Russian President Vladimir Putin stated that Tiraspol regime was not a criminal one, consequently it is worth negotiating with. Another example, Russia forgave Tiraspol's \$100 million debts for natural gas supplies in return for the possibility to evacuate Russian munitions from the territories Russia acknowledge as being under the sovereignty of the RM. This could only be interpreted as an aid to Transdnistria, whose annual budget amounts \$80 million USD. Interestingly enough, Russia cancels Transdnistria's \$100 million debt at the time Russian forces fighting in Chechnya sue Defense Ministry to recover several millions USD in debts. Forgiving Transdnistria's debts is very much different from the approach to Chisinau, namely

the pressure exercised by Gazprom on Chisinau to regularly pay for the consumed gas.

Russia's generous gift would grant Tiraspol enough time and money to play "economic blockade" game and to procrastinate negotiation process.

One could understand Russian elite behavior. RM is of strategic importance for Russia, neither for military nor for economic reasons, but for totally different reasons. The fact is that RM is the only country in the world Russia could still beat on the military and diplomatic field. The Speaker of the Russian State Duma, Ghenadi Seleznirov, who during a recent visit to Moldova recognized that Russia supported the edification of a Transdnistrian state, confirmed this fact. From this perspective RM is the perfect target for Russia's nationalistic forces writing mockery articles about RM. They sublimate their damaged imperial complex, especially after USSR collapse and Balkans crisis when no one heard Russia's protests and threats to help Miloshević fight UE and US double standards. RM should be honored as it is of strategic importance for such a world power as Russia.

A similar "adequate reaction" in line with its attitude to Tiraspol regime, is to be expected from Ukraine as well. And this because Transdnistria's goods marked by the old customs stamps are transiting Ukraine territory.

Under those circumstances, why wouldn't Transdnistria enjoy the support of guarantor and mediator countries and set an economic blockade on the RM? Even the Chechens declares djihad to Russia, without enjoying the official support of any country. In this respect it is worth mentioning the letter of condolences sent by Transdnistrian leader Igor Smirnov to Vladimir Putin with regard to Nord-Ost tragedy, reading that "Transdnistrian people know very well what aggression and terrorism is". However, Smirnov didn't specify what was the difference between the Chechen separatism promoting terrorism and Transdnistrian separatism. Smirnov went beyond all the limits in his propaganda campaign. A witness to this may well be the famous journalist and supporter of Transdnistria, Alexandr Nevzorov, who in his movie "Buchet Moldavii" features fearless Cazacs from Transdnistria, who in order to show off their heroic deeds cripple the bodies of Moldovan policemen. The movie was broadcast on Russian TV, relayed on the entire CIS territory, in 2000. No one protested and no one wondered what was the difference between Transdnistrian and Chechen terrorism. It's true, speaker of the Russian State Duma provided some insight on this. Transdnistrian breakaway regime was supported by the Russian Army, which according to a statement made by Smirnov in 1996 in the State Duma, "was under the Russian commandment during daytime, whereas during the nighttime was fighting for the ideals of Tiraspol regime". In the separatist Chechnya, Russian Army burst in early 1995 to "reinforce constitutional order", without being provoked to do so. No one mentions double standards here. Smirnov doesn't even remember the provocations of the "third force", which after Transdnistrian victory over "Moldovan aggression" totally disappeared from its territory together with "combat" Kostenco.

The case of the RM is different, as it chose such partners and mediators. For instance, facing the same problems generated by "the strategic partner" Georgia and Azerbaijan compensated the biased character by inviting other strategic allies such as US, Turkey, etc.



Under the given circumstances, opposition forces in Chisinau, such as Social-Democratic Party, have no other solution than demand the revision of the negotiation rules. However, it is very unlikely that someone would pay attention to such demands as long as RM itself cannot decide how does it wants Transdnistrian conflict settled. A similar proposal was made by the Social Liberal Party on "freezing the conflict" in order to look for new solutions and partners. Recent developments show that Transdnistrian regime gets stronger and stronger day by day. It is known for a fact that Transdnistrian administration and its supporters in Moscow strive to grant Russian citizenship to all Transdnistrian citizens, and to transfer the public estate in the property of Russia. In such a case, what's the use of RM formal sovereignty on Transdnistria? The variant recommended by the Christian-Democratic Peoples' Party is not to be neglected. They seem to accept the model of Serbia - Montenegro suggested by Transdnistria. Under a would-be increase of citizens' sympathy to Romania as a result of its entry in NATO and EU, and Transdnistria's clear orientation towards Russia and Ukraine the Communist and Christian-Democrats call for double citizenship seems logical. Accordingly, Moldova and Transdnistria relations would follow exactly the ones between Serbia and Montenegro.

In conclusion OSCE would have to wait for a while until Chisinau and Tiraspol would define their position on settling the conflict via federalization, unless a major international player would show them the right way.

## **Moldovan politics labyrinth**

November 18, 2002

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A series of significant events happened lately in the Republic of Moldova. Firstly, clear signs came to light that Moldovan top leadership gave up their electoral promises. Secondly, European component of the foreign policy has become at least as important as the CIS one. Thirdly, Communist leadership has showed persistence in settling Transdnistrian crisis. And last but not least, the recent developments within the ruling party might have a negative impact on the political stability in the country. The aforesaid gain a special importance on the eve of upcoming local elections. Furthermore, electoral campaign shall be launched at the time Communists would celebrate a two-year anniversary of their victory in parliamentary elections. This would be another occasion for their political opponents to assess the way ruling party had kept its promises. This is the more important as President Voronin stated he would be guided by three major goals in exercising his mandate: a) fighting poverty, b) fighting corruption, c) settling Transdnistrian conflict.

Currently, ruling party is criticized for "yielding" to World Bank and IMF, previously viewed by Communist Party (CP) as "the tools of the American Imperialism". The Communist Party yielded given its lack of qualified personnel to implement its electoral program. The fact was mentioned during all the previous CP Plenary sessions, which seem to do nothing more than acknowledge the existing state of affairs. Lack of qualified personnel also accounts for the frequent Government shifts. However it is not the only problem Communists are facing. Last year President stated that CP has no strategy for the country future development. And this despite their political and electoral Program and the Government program they adopted: Economic recovery - rebirth of the country. Under the pressure of foreign debts and lack of professional personnel Moldovan authorities had to balance between implementing their electoral program and resuming the policies promoted by the previous Governments. Finally the ruling party decided to obediently follow the advice of World Bank and other financial institutions and engaged to elaborate the National Poverty Reduction Strategy (PRSP). PRSP concept has already been made public and the final version is to be developed by spring 2003, then it is to be implemented within the next 3-4 years. At the Forum hosted jointly by Moldovan Government and World Bank, President Voronin stated that the strategy is aimed at: sustainable economic development and boosting small business; social guarantees; enhancing the efficiency of the public bodies and the quality of services provided. Prime Minister, Vasile Tarlev, and Minister of Economy Stefan Odagiu publicly stated that PRSP should become a cornerstone document in Government activity, whereas public officers should take PRSP very seriously. Consequently all the other strategies developed by the current and former governors should all be subordinated to PRSP. In his turn, Luca Barbone, World Bank Regional Director stated that the institution he is representing would organize next spring a Donor's Forum to raise the money for the Strategy implementation. According to some preliminary estimation Strategy enforcement would require \$ 200 million. Consequently, Communist authorities would have no grounds to begrudge World Bank and IMF. Furthermore, the strategy provides for fostering democratic institutions and civic participation in the elaboration of the strategy. The advantages are obvious, in exchange for authorities' cooperation World Bank and IMF would aid them in restructuring or even canceling Moldova's

foreign debts to the Paris Club. It seems Communists have made the right choice to cooperate with the "instruments of the American imperialism", instead of implementing their own electoral programs, venture which anyhow is deemed to fail.

Foreign policy itself suffered some major changes. Communist authorities became increasingly involved in the Stability Pact for South Eastern Europe and declared "European integration" one of their foreign policy key priorities. To cite only the two extremely important documents issued in November. Namely the PRSP concept and Presidential Decree on establishing a National Commission entrusted to develop the European Integration Strategy. Both documents refer to the European Integration. Under the two documents, Republic of Moldova is to become first an EU associated member and later one a full rights member. So far, discussions centered around the special status Republic of Moldova would enjoy, given its vicinity to EU borders, once Romania joins EU in 2007.

However, one should be very cautious with regard to authorities intention to joint EU. For instance the leader of the Communist Faction in Parliament stated Communist Party had strong intentions to join EU, however Moldova's main economic interests lie at the "East". If we are to consider the fact that Stepaniuc represents the orthodox wing of the party and last year he attended the Congress of CIS Communist Parties where at issue was rehabilitate Iosif Stalin, and that he continues to idolize Vladimir Lenin, we may conclude that EU integration wasn't a benevolent choice of the Communist Party. Once Lenin was saying "politics is a concentrated expression of economy". If the main economic interests lie at the "East", than it is very unlikely long-term political interests to lie at the West. Another illustration is lobbying Russia's interests in privatizing strategic economic units. On the other hand, pro-European policy may bring immediate benefits in settling the foreign debt problem and Transdnistrian conflict.

The latter is of special importance as all the European dignitaries visiting Moldova lately, besides discussing possible technical assistance to the Republic of Moldova, inquired on the progress registered in settling Transdnistrian conflict. This seems to work in favor of Communists. They accepted the draft on the Republic of Moldova federalization submitted by OSCE and endorsed by EU and US. The latest actions of the Transdnistrian authorities, which disagree with the OSCE draft, have presented them not exactly in a favorable light. Chisinau may view as its diplomatic achievement the fact that an OSCE commission including diplomats from 15 countries inspected the customs offices at the Moldovan Ukrainian border. Obviously, Transdnistrian authorities didn't allow the commission inspection. All the aforesaid gives Moldova some chances to settle its tensed relations with Ukraine with the help of EU and US institutions. Noteworthy, Ukraine is not exactly in its best position, due to allegations of selling anti-radar munitions to Iraq. A year ago EU and US summoned Ukraine for allowing the transit of Transdnistrian goods on it territory, despite the old customs stamps used. Chisinau viewed the transit as smuggling. Under the pressure of European institutions and US Ukraine might yield and comply with the international regulations on the transit of goods from Transdnistria. In its turn, this might determine Tiraspol leaders to be more cooperative in negotiations with Chishinau. And that's where European orientation priority comes from.

Nevertheless, there are clear signs that the middle level party members disagree with the opportunistic foreign policy promoted by the party leadership. There are more and more articles in the Communist press referring to class structure of the Moldovan society, reviving working class and its fight against capital. Lack of understanding between the top leadership and middle level structures may result in a party scission. Domestic analysts believe there are clear signs of growing tensions within the Communist Party, namely the President didn't attend the last Party Plenary session, he also didn't attend the celebration ceremonies dedicated to 85th anniversary of the Bolshevik Revolution. If true, Republic of Moldova may find itself in a very difficult situation as it is a parliamentary republic and the lack of stable parliamentary majority may result in a breakup between Presidency, Parliament and Government. However, this scenario is very unlikely. Currently, there is no other political leader within the Communist Party able to equal Vladimir Voronin and to overtake the party leadership. The fact that Communists obediently continue to vote even if there are disagreements is another illustration to this effect. Furthermore, to reply to orthodox wing accusations of opportunism and deviation from Marxism-Leninism, Communist leaders demonstrate their friendship with China. Although Moldova's trade with China accounts only for 0.3% of the total foreign trade, high rank Moldovan and Chinese delegations exchange official visits enabling Moldovan authorities to learn the "positive experience" of combining capitalist economy with authoritarian politics. Some analysts believe a portion of the Communist Party electorate, especially the Russian speaking one, disappointed by the party's opportunistic policy on the one hand and by the tough policy adopted in relations with Gagauz Yeri and Transnistria on the other, would rather vote for the two socialist parties and "Ravnopravie" (Equality) Movement. The latter claim to defend the rights of Russian speaking population of Moldova. Another portion of the Communist electorate is expected to migrate to the Social Democratic Alliance (SDM) headed by the former Prime-Minister, Dumitru Braghis, who chose an equidistant approach towards CIS and EU. All the aforesaid could lead to a decreasing Communist Party rating. Furthermore, although fighting corruption was declared one of the top priorities, during the Communist governing no major case was investigated or brought to justice. As for the smuggling, it wasn't halted either, fact confirmed by the Prime Minister himself. According to the media outlets, Communists' activity resumed to redistribution of private property into the hands of groups close to the Communist Party. Furthermore, key figures in the Communist Government have become the key actors in corruption scandals, namely Prime Minister Vasile Tarlev, Parliament Deputy Chair, Vadim Misin, Moldova Ambassador to Russia, Vladimir Turcanu, etc. It is expected that on the eve of elections President Voronin would get rid of some of those officials damaging the Communist Party image, including Prime Minister Vasile Tarlev. However, it would be difficult for the President to justify such shifts in Government. On the one hand, Tarlev Government claims to have secured a 6% GDP growth, so it wouldn't be logical to get rid of "such a good Prime Minister". Furthermore, ousting Tarlev on the grounds of illegal operations would raise the question on how the Communist selected him.

There are two options for the Communist Party to prevent the migration of Communist electorate towards above-mentioned forces. The first one is to compensate the would-be losses via administrative levers. Communists already tested this method during the recent Bashkan elections in Gagauz Yeri when the entire administration machine electioneered in favor of the Communist candidate. As for the

second one, Communists accepted Christian-Democrats' initiative to amend the Law on Political Parties in view of raising the minimum number of party members required for the party registration from 5,000 to 15,000. The Communist faction has already voted the amendment in the first reading. If adopted in the final reading, then all the political parties would find themselves in a rather difficult situation on the eve of local elections. Instead of devising their electoral strategies they would have to recruit 15,000 members. Half of the 26 existent parties wouldn't be able to comply with the new requirement, otherwise 20% of the citizens entitled to votes would become party members. The two socialist parties as well as many others to whom the Communist electorate might migrate, are among those having scarce chances to recruit 15,000 members. Indeed, in the short run only the Communist Party and the Christian-Democratic Peoples' Party are to benefit of the amendment. The Christian-Democrats would win on the expense of the other center right forces and they are ready to pay this price, otherwise they wouldn't have come up with the initiative. The Communists would benefit by eliminating their would-be competitors. Christian-Democrats' scenario proves to be almost perfect. They recommend raising the minimal number of members to a number the Communist already have; consequently no further efforts would be required. In the long run, the initiative would strengthen center-left and center-right political parties, which are likely to become Christian-Democrat's opponents in the future.

## **Poverty reduction factors**

November 25, 2002

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A month ago, Prime-Minister Vasile Tarlev declared that elaboration of the Poverty Reduction Strategy (PRSP) should become a priority for all the public officers. In his turn, Stefan Odagiu, pointed that once developed PRSP would become a cornerstone in Government activity. Last week governmental press published the concept of PRSP. All the other documents and strategies developed by the incumbent or former Governments would have to be subordinated to PRSP. Given the fact that PRSP is actively promoted by international organizations, the ruling party gave up the enforcement their electoral program and decided to coordinate its activity with the WB and IMF.

Although the deadline for PRSP elaboration expires next March, activists of civic NGOs have already embarked upon debating it. Last week Institute of Public Policies with the support of WB launched a series of seminars in this respect. Participants gathered to debate on sources of economic growth and rural development.

Independent experts agree that in the case of Moldova there are four sources of sustainable economic growth that might as well contribute to poverty reduction, especially in the rural areas, wherein the great majority of the population resides. So, the following are the sources: boosting entrepreneurship, especially small and medium businesses; ensuring a sustainable macroeconomic balance; investments; and efficient and accountable governing.

It would be very difficult for Communist authorities to ensure all the aforesaid. Firstly, according to some experts GDP growth registered last year and this year is not the merit of the incumbent governing. Indeed, despite statistics manipulations, there were some objective factors, which have influenced to a certain extent the economic growth. This refers to the reforms conducted by the previous governments, whose effects were expected to show up 2-3 years later. Furthermore, regional economy registered a growth due to the gradual recovery from the financial crisis in Russia of 1998. Consequently, domestic and regional conjuncture is accountable for the economic growth registered in the last two years. Experts claim a professional and reforming team in governing would have contributed to a much more significant economic growth, able to lead in the long run to sustainable economic growth. Still, Communists' also had their contribution to the economic growth, namely the Government refrained from enforcing the Communist Party electoral program and from making any major mistakes. Nevertheless, Communist party should share the merit with WB and IMF representatives who closely monitor the incumbent governing not allowing it to slip away from the agreed standards.

According to the official statistics private sector accounts for 85% of GDP. We could only wonder, what is then the Government role? Obviously, the government should work towards establishing a favorable environment for business. However a recent poll conducted among businessmen shows the contrary, the pressure on their business has significantly increased since Communists came to power.

As for the second one, namely macroeconomic balance, there are problems as well. In spite of pro-European declarations, incumbent governing insists that Moldova's major economic interests lie to the East, in CIS and Eurasia Union. Noteworthy Ukraine and Belarus, Moldova's biggest partners after Russia, are undergoing a deep political crisis that might lead to economic and financial crisis. If true, then a regional financial crisis is to be expected.

As for third factor ensuring sustainable economic growth, the situation is even worse. After Communists damaged their relations with such strategic investors as Union Fenosa, Lafarge and others, it is hard to believe that any investor would seriously consider investing in Republic of Moldova in the nearest future. An illustration of this is the Moldtelecom privatization. There are problems with regard to domestic investments too. Domestic finances are so meager that they cannot boost investment activity. Money that is wired by Moldovan citizens working abroad could be a potential source of investments. The amount yearly wired is comparable to the yearly state budget. If Government manages to ensure the protection of the right on property and abolish bureaucratic barriers, then population's savings might turn into investments. However, Government does nothing in this respect.

And finally, ensuring an efficient and accountable governing is a task as difficult to achieve as the ones mentioned above. It's hard to speak about an accountable governing when the incumbent one is undertaking actions destabilizing social and political situation. For instance, the recent ruling party's initiatives to revise the judicial system and local public administration risk triggering another deep political crisis.

## **Is there a Social Democratic Prospect for the Republic of Moldova?**

Igor Botan, December 2, 2002

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On November 30 the Democratic Party organized with the support of the French Foundation *Jean Jaures* the conference entitled "A Comparative Analysis of Electoral Trends in Europe and in the Republic of Moldova". The aim of the conference was to assess the electoral prospects of social democracy in the Republic of Moldova.

The conference centered upon the evolution of the social democratic doctrine in Europe and tried to assess the performance of social democratic parties. The current electoral trends in Europe are not homogenous throughout different regions. These variations in regional trends are nonetheless comprised within a generally accepted value framework involving direct elections, the separation of powers, the majority rule, opposition rights, the freedom of expression, etc. This value framework also serves as the foundation for the European integration processes currently being applied in stages across Europe. One can therefore state that these differences are rather alternatives, or maybe even alternative trends, than trends.

Social democracy emerged in an endeavor to fundamentally revise the Marxist ideology as a pre-condition for industrialization at the end of the 19th c. The reformist revisionism, supported by Eduard Bernstein and Karl Kautsky, envisioned two correlated projects, the moral and the social-prospective ones. Democratic socialism advocated a democratic society and individual freedom and stressed the importance and opportunity for a peaceful, legal and democratic way towards socialism. The main task for social democrats was winning political rights by the masses at large which they could use to improve their socio-economic condition.

The French sociologists grouped around Benoit Malon, Alexandre Millerand and Jean Jaures took a reformist-pragmatic stand too. The constructive socialism theorized by the Belgian Henri de Man turned into a profound, philosophical and moral doctrine.

The emergence of these trends was part of the efforts to channel the worker movement towards a peaceful effort to improve the conditions for economic development, socialize capitals and democratize the political life.

The major objective of the social democratic parties has been to guarantee all social rights, remove any form of social discrimination and ensure the premises for a free development of individuals as a pre-condition for the development of the entire society.

The post-war ideological evolution of the social democratic and socialist parties in developed countries was characterized by a rejection of revolutionary Marxism and the focus on the reformist pragmatic strategy. After 1970 social democracy has seen a strong drive towards globalization through increased international participation and cooperation of social democratic parties from Latin America, Africa and Asia within the Socialist International. At the same time social democracy got over its class nature. Social democratic parties are no longer exclusively worker parties. A deliberate extension of their social basis has occurred in the result of their ideological adaptation to concrete social and historical conditions.



Thus, the social democratic doctrine has been founded on the social evolutionism, humanism and the idea of respect for the individual right to choice and decision. Freedom, democracy, solidarity, equity and justice are the principles and values of social democracy. The former three form the defining conceptual triad of this doctrine from which other social democratic solutions flow.

The social democratic state involves the existence of one strong organizational structure, of sovereign rights and the legitimate monopoly of coercion power. The authority of state resides in the beliefs and consensus reached through free elections, intellectual competence and moral status. The ideologists of this doctrine believe that it is obligatory that social control be exercised over state power.

At present, 18 out of 38 considered European countries are ruled by social democrats. In three countries, United Kingdom, Greece and Sweden, the social democrats are ruling on their own without allies. In the other 15 countries the social democrats rule within coalition governments together with liberals and Christian democrats. The Christian democrats form coalition governments in 13 European countries, and in Spain they govern on their own. The liberals are part of coalition governments in 21 European countries and in Andorra they rule alone. The conservatives participate in coalition governments in nine countries. Ethnic minority parties participate in coalition governments in four countries; green, agricultural/regional and nationalist parties participate in three governments each. According to the percentage held by parties of different ideological orientation, Europe is "pink colored".

Social democratic parties are very powerful even in countries where they are in opposition holding about 10 to 30 percent of votes. On the second place by weight are the Christian democratic parties. The liberals, although the most often participants in coalition governments, hold a percentage much lower than the social democrats or the Christian democrats. This is explained by the fact that liberal parties have been practically always professional parties and generators of ideas that are often taken over and applied both by social democrats and Christian democrats and conservatives. Thus, in 12 countries the social democrats govern together with liberals. In other six countries the Christian democrats are the ones that govern together with the liberals. In three highly developed countries the social democrats, liberals and Christian democrats govern together.

For a better comparison of electoral trends in Europe and Moldova it is logical to examine separately regional trends in the Central and East Europe (CEE), the Baltics, Western Europe, Scandinavia, and the Commonwealth of Independent States (CIS).

One could state that for the CEE social democracy has been an adequate option for doing away with communism and avoiding sliding into some other extreme. The experience of these countries is particularly relevant for Moldova. Thus, in nine out of 12 CEE countries the social democrats are at rule. Only in Slovakia, Bulgaria and Bosnia, where nationalistic parties are very strong, the social democrats are not ruling. In the cases of Slovakia and Bulgaria this is explained by the fact that, on the one hand, the previous governments of nationalist and communist orientation have been compromised, and, on the other hand, the bite of joining NATO and the EU has been so appealing that center right collations have replaced previous governments in order not to miss the prospect of joining the EU. Thus, these two examples only confirm the fact that social democracy has offered Central and Eastern Europe the necessary tools

for a gradual transformation so that these integrate later in the EU. As mentioned above, one of the most interesting exceptions has been Bulgaria where the last elections were won by the National Movement Simeon II of conservative orientation, led by the former monarch. This movement was set up on the eve of elections and won in the first round with 42.7 percent of votes. This example shows how important can the personality of the leader be as compared to the doctrine, all the more so when the leader is associated with certain aspirations, such as joining the EU in the case of Bulgaria. This is a good example for Moldova in that it shows why the number of members necessary for the registration of a political party should not be increased in an arbitrary way to 15,000.

A similar example has existed in Lithuania where a representative of the Canadian Diaspora, Vaira Vike-Freiberga, was voted by the Lithuanian Parliament for the position of President and then a right-wing party, the newly formed New Era, was set up to support her later winning parliamentary elections in the first round. The motivation for such an electoral behavior has been the same as that in the case of Bulgaria - the aspiration to join NATO and the EU. It is to be mentioned that in the Baltics the social democrats initially had a strong position only in Lithuania. In Estonia and Latvia the liberals and Christian democrats were more powerful. This state of affairs has been preserved to date. Thus we can see that in the Baltics too social democracy can be a solution but not a panacea. It is important though for the political movements to set for themselves reasonable aims for which they should secure their citizens' support.

At this stage it is difficult to talk about the existence of an electoral tradition in the Baltics. One thing that is certain is that the organization of free elections immediately after the collapse of the USSR has been beneficial for the adjustment of the structure of parliaments to the new conditions and tasks for Euro-Atlantic integration, which thing failed to happen in the CIS. In any case there is no doubt that in the CEE and the Baltics, especially after their integration in NATO and the EU, a tradition will emerge which is going to be very different from that in Western Europe. Also, there is no doubt that the external factor, first of all the prospect of joining the EU, has channeled the electoral behavior in the post-communist countries towards social democracy. From this perspective one can probably speak of a mutually advantageous initiative for the EU and the former communist countries. Although the integration of the latter into the EU is very costly, this is probably the only reasonable solution for the threats flowing from the instability in the immediate neighborhood of the EU. The bloody conflicts in the former Yugoslavia only confirm this assumption. Here it is worth mentioning the curious development that has recently occurred in the elections in Turkey. In conditions when the signals related to Turkey's joining the EU were preponderantly negative, the voters turned their back to the social democrats and tied their hopes to the Islamic movements. Surely the political and economic situation of the country were not brilliant at the time of elections. Yet, immediately after the results were made public, the European bureaucrats appeared to have changed significantly their opinions about Turkey's chances of joining the EU.

Social democracy has been reigning in the EU Member States for a long time and in deeply rooted way. Despite historical collisions in Germany and Austria since 1919 the social democrats have had the support of approximately 1/3 of voters. In the aftermath of World War II, the social democrats governed for years in Germany,

France and Great Britain, alternating in government with the Christian democrats and the conservatives. It is well known that in the post-war period huge efforts were made in order not to allow extremist movements get to power in Western Europe. Among others fascism was banned because it was defeated in an armed conflict and was condemned within an international judiciary process. Although responsible of crimes against humanity comparable with those committed by fascists, communism was not banned because it was not defeated in a direct conflagration but, on the contrary, was the one that beat fascism. Nonetheless, the ascension of communism in the west was restrained in various legal ways and that is why it developed firm roots only in Italy and France where it enjoyed the support of the intelligentsia. Yet, after the collapse of the global communist system in the last decades of the 20th century the communist parties in these countries have enjoyed as much as three to five percent of votes compared to the 25 to 30 in the first post war decades. After the fall of dictatorships in the Iberian Peninsula and Greece, these countries have shown the same symptoms - the accession to government of social democrats and Christian democrats. At present social democrats rule in such EU Member States as Germany, Greece, Finland, Great Britain and Sweden, and the Christian democrats and conservatives in Austria, Norway, Netherlands, Spain and Portugal. In the rest of the EU coalitions with a strong liberal component are ruling.

It appears that the social democrats enjoy a special role in the Scandinavian countries. In Sweden the vote for social democrats has varied in the last 50 years between 35 to 47 percent. Only in the last elections of 2001 the social democrats received 25 percent, but their most powerful rival, the Conservative Party, received one percent less and succeeded to form a government coalition with the Christian democrats and the liberals. A similar situation is being witnessed in Denmark where since 1945 their percentage varied between 30 to 43 percents. In the last elections the liberals received one percent less than the social democrats and created a right-wing coalition. In Iceland too the social democrats received in the last two electoral cycles 37 and 26 percent respectively, thus becoming the main rivals of the conservatives who dominated the political scene in the post-war period. Although Finland is not a Scandinavian country, for convenience we will examine it in the same category. In the post war period the social democratic party of Finland was the most powerful party, permanently holding 20 to 30 percent. At present it is the ruling party.

Although Moldova is a CIS Member State, it is worth mentioning the fact that it takes a special position in this body and is unique. In Moldova, for the first time ever and in the most legal way through direct and free vote the Communist Party obtained absolute victory.

Still, the electoral behavior and the performance of Moldovan political parties have much in common with the ones in the rest of the CIS. It is only natural for things to be that way. The first free electoral cycle started in 1993-1994, after the parliaments of the Soviet republics elected in 1990 started to dissolve as a result of serious political crisis determined by intestine fights among various faction and groups close to the executive power. At the same time, the privatization of state property was being carried out which determined the political elite to behave in a certain way. This triggered a corresponding reaction on behalf of the ordinary citizens who associated the dramatic decline in living standards with the reform process and the liberalization of political and economic life. The voters in these countries had not had any previous

democratic experience and many of them could not see any other opportunity to get over the crisis but going back to the status quo before the crisis. This has fueled the nostalgic preferences of voters. Interestingly, the first pluralist parliamentary elections in the CIS Member States took place before the mandates of their first post-Soviet presidents elected in a relatively democratic way around 1990 expired. Hence the first electoral democratic cycle in the CIS was won first of all by non-doctrine parties that represented at that time the circles of the presidents and executives of those countries. The second category of parties that enjoyed a relatively massive vote were the ones of communist or crypto-communist origin and which were contesting the need for reforms in principle. At last, the third category of parties supported by the voters was the one that represented the parties that were exploring nationalistic feelings. Those were the parties that formed as a result of the breaking up of People's Fronts and Interfronts. These three categories of parties had a relative success due to the fact that they were either backed by administrative resources of governments or were appealing to citizens' feelings. Thus, we have noticed in the CIS area three distinct categories of parties that promoted presidential authoritarianism, the comeback to communism and nationalism (Georgia and Azerbaijan).

Now in retrospect it is difficult to imagine that the voters would have been able to notice and embrace an alternative choice such as, for instance, the social democratic or the liberal one. All the more so that for the CIS countries there existed no offer from the outside to join the EU as it existed for the Baltics and the CEE. On the contrary, the CIS countries have had to face attempts by some influential circles in Russia that refused to accept the collapse of the Soviet Empire. Thus, an International of secessionist regions in the former Soviet republics was inspired and established to keep the latter within Russia's sphere of influence. The example of Belarus is representative in this sense. President Lukashenko has survived politically because he received the necessary support from the Russian political elite. Top figures of the Russian political elite (Cernomyrdin, Stroyev, Seleznyev) came especially to Minsk in November 1996 to put pressure on the Parliament and the Constitutional Court to stop the procedure of impeachment against Lukashenko. This was enough for Lukashenko to take over the political initiative and bring the political events in a suitable direction. Everyone knows what followed afterwards.

However, it is curious to observe a certain correlation in the electoral behavior in these countries. In the 1993-1994 elections in Russia and Ukraine approximately 12 to 13 percent voted for the communists, and when the Moldovan communists first participated in the local elections in 1995 they won 16 percent. In the second electoral cycle in 1996-1998, approximately 25 percent voted for the communists in Russia and Ukraine each, while in Moldova they received around 30 percent of votes. Obviously the electoral behavior of Moldovans until 1999 was not much different from the one of Russians and Ukrainians. Now the following problem emerges: why is it that in the third electoral cycle in 1999-2001 the Russian and Ukrainian communists received around 20 to 25 percent each, while the Moldovan ones as much as 50 percent? The difference between Russia and Ukraine on the one hand and Moldova on the other is that in the first electoral cycle in Russia and Ukraine no party affiliated to the presidents or including the presidents were created. To a certain extent this forced the Russian and Ukrainian presidents to opt for the introduction of presidential regimes, which thing happened, including through the use of military force and administrative resources, but also the support of the new economic elite seeking to avoid the

comeback to power of the revengeful communists. In the Republic of Moldova, on the contrary, even at the beginning of the first electoral cycle in 1994 the ruling political elite consolidated around the Democratic Agrarian Party of Moldova (DAPM) which later proved to be a clients' party. In the first stage the positive effects of such state of affairs showed up. The Constitution was adopted whereby a semi-presidential system to balance various political groups' interests was introduced. Later, though, two more reformist groupings that were gravitating around President Mircea Snegur and the Speaker Petru Lucinschi left the DAPM. Curiously the electoral options of the Moldovan voters in the first two electoral cycles were predictable and highly influenced by top political figures. Unfortunately, the attempt by the first Moldovan President Mircea Snegur to found a powerful party failed. The Party of Rebirth and Conciliation that he constituted faded gradually as he lost the presidential elections and with it the administrative resources to influence voters. The second Moldovan President did not want to become the leader of any party and avoided getting involved with any preferring that parties court him instead. But for parties to court him, President Lucinschi needed the power that president Yeltsin and Kuch'ma enjoyed, as well as other authoritarian presidents in the CIS area who managed to introduce presidential systems. Lucinschi's attempts to introduce a presidential system were opposed by almost all parliamentary factions and groupings but a small one. Of course, the president could have withdrawn his initiative but then this would have been interpreted as a defeat and therefore there really existed no compromise solution. On the other hand, the presidential regimes in the CIS have shown that presidentialism is not the best option. We are presently witnessing the deep crisis faced by Belarus and Ukraine. Russia succeeded to get out of the crisis after a period of instability of approximately 10 years. Yet, this happened not so much due to the stability of the political system as to the favorable international environment and the importance of this country, which will never be left by the West to go waste.

In Moldova the deep political crisis happened when government was being associated by the voters with the center-right coalition. This crisis found a logical conclusion in the early elections within which only the communists managed to explain its causes in a manner suitable for them. They promised to solve people's many social problems, including by joining the Russia-Belarus Union where energy cost at least three times less than Moldova was paying at the time.

The obvious conclusion is that the Moldovan political class has failed to put forward in due time an objective similar to the one proposed by the political elite in the CEE countries and the Baltics. It is true that Moldova was situated in a different area of interest and was experiencing a secessionist conflict within its borders. Thus the EU could not send Moldova any clear signals. For these reasons it is obvious that none of Moldova's first presidents had the ability to use the authority of their office to found or take over the leadership of a party whose message would have met the expectations of the majority of Moldovans. It was the communists who managed to produce this message promising eastward orientation and exploiting to maximum people's nostalgia for a relatively stable past. It was these things that helped communists win the 2001 elections.

At present, the Communist Party is pressured from outside to modernize and is thus sliding more towards social democracy. In fact, this is what has happened in most CEE countries. It is difficult to foresee how social democratic the communists will turn. They hold the parliamentary majority and could do many useful things. In this sense it is only encouraging that the communists have been speaking lately of Moldova's joining the EU. This is a profitable business to change the communist illusions for a prospect of actual wealth, even though a distant one, within the EU, which as we have already shown is chiefly of social democratic nature. Most of those who vote for communists are interested little in ideology. Hence they could keep voting for communists even if these transact illusions for a certain degree of realism. According to appearances, the problem the communists have is not so much in their relations with the voters as it is within the party and in their capacity to defeat the reflexes of the dogmatic members inside the party. In exchange, an eventual modernization would save the communist elite the need to demonstrate that they "are not horned", as President Voronin and the leader of the Communist Faction Victor Stepaniuc use to say.

These issues could be discussed within the Permanent Round Table supported by the Council of Europe. Certainly, this could happen only if the communists give up their arrogance of all-mighty, and the opposition gets rid of the illusion that it can rival the communists while it is fragmented, all the more so that the international political environment is changing so quickly that the Moldovan political class can hardly keep pace with it. Certainly very much depends on Russia's position, which has extensive influence over the leaders in Chisinau but also heavy weight in the solution of the Transdnistrian conflict.

As for the fate of the four social democratic parties that received in the last parliamentary elections about 20 percent of votes, it is to be seen if they are able to join their efforts together.

# **The Federalization of the Republic of Moldova: Opportunities and Risks**

Igor Botan, December 9, 2002

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## **I. Introduction**

Since federalization has been recently proposed as a solution to the separatist conflict in the Republic of Moldova, debates have spurred on which type of state is more viable in such cases, the unitary or the federal one formed of territorial units that enjoy a certain degree of autonomy? The proponents of federalism have outlined the following opportunity such a project offers: a federation is founded on state efficiency plus political freedom.

According to federalists, the federal state provides optimum conditions for the balancing of various territorial, national, social, economic, financial, political and other interests.

Also, it is largely believed that federalism can result in a more efficient activity of the state administration. Hence, under the pressure from local governments the central administration works more efficiently, while the former are more concerned with working out solutions based on their local resources. Yet, it is believed that the founding principles of unitary and federal states are converging. In this sense the efficient and peaceful functioning of certain states that are not *de jure* federations, such as Italy and Spain, are considered along federal states. The Spanish Constitution adopted in 1978 enshrines the democratic standards by which the country is to abide, but avoids making any reference to "federalism", and refers instead to the "state of autonomies", although constitutional law experts consider that Spain is a federation *de facto*. Considering this, it is yet to be determined which formula, the federalist or the regionalist one can be more efficient in fighting secessionist movements through centripetal trends. The thing is that secessionist movements exist not only in unitary or federal states with a medium to low level of development, but even in rich federal states, such as Canada and Australia. Hence federalization is not a panacea against separatism, and the attempt to solve a separatist conflict through federalization raises a number of issues. The basic one is concerned with finding the optimum balance of interests in a state. In different countries federalism is applied depending on local peculiarities. Therefore it is important to establish the principles for constituting stable federations.

## **II. Basic factors characterising federations**

There are five factors, which need to be examined.

1. The modality of establishing federations. According to this factor, federations are unional and decentralized. An example of such federation is the United States of America, which for security and economic reasons joined into a federation. Other federations constituted as a result of the decentralization of unitary states are India, Russia and Canada. Such federation can be constituted in the result of an agreement with a region. The draft statute proposed by the OSCE for Moldova falls into this category.

2. Separation of vertical powers. According to this factor, federations are classified according to the delegation of powers by the subjects of the center, or, on the contrary, the decentralization of power that comes from central authorities. It is obvious that the method of delimitating powers is directly dependent on the method of constitution examined above. This factor is one of discord between Chisinau and Tiraspol. For these reasons the OSCE draft is favorable to Chisinau.

It is significant that in modern federations the legal norms working at the central level have superiority over the local norms when these relate to areas subject to federal regulation. As a rule, this is stipulated in constitutions.

The settlement of disputes between the federal center and the federal subjects is the task of Constitutional Courts. For example, in Spain the Constitutional Court has resolved almost 600 of disputes between central and local authorities over 10 years since the adoption of the Constitution. Most often these problems arouse in areas related to economy, agriculture, and public works. Calls for constitutional justice have been made both by the central authorities and the regional ones. Still, almost 2/3 of cases brought to constitutional justice has belonged to regional authorities. Also in Spain, apart from the methods of solving conflicts between central and local authorities through the Constitutional Court, there exists the possibility to solve conflicts through the Court of Accounts. As a rule, the Court of Accounts has powers of control over regional budgets. In the OSCE draft agreement references to the role of the Constitutional Court in settling disputes are missing.

3. The harmonization of elements of coordination and subordination between the federal center and the federal subjects. According to this factor, federations are classified as centralized and non-centralized. In the case of centralized federations obvious priority is given to national interests over the ones of federal subjects. In India, for example, the Parliament has the right to adopt laws that fall within the competence of the subjects if these are voted with 2/3 of votes. The non-centralized federalism is achieved based on agreements that stipulate expressly the competencies of the federal center and the ones of the federal subjects. Examples are the USA and Canada. This principle of delimitating between national and territorial interests is also known as subsidiarity.

In any case, of exclusive central administration competence are such areas as federal legislation, foreign policy, defense, the customs and tariffs regime, public finances, the financial-banking system, national transport and communications, as well as the framework for basic human rights.

One of the most important problems of federations refer to the constitution of two-chamber parliaments, especially of superior chambers based on the equal representation of federal subjects (Switzerland), or on the proportional representation with the number of inhabitants (Austria, Germany). In the superior chamber of the German parliament each subject is represented by at least three deputies, subjects that have more than 2 million inhabitants are



represented by four deputies, and subjects with more than 5 million by five deputies. Members of the superior chamber are Prime ministers and ministers of *Lander*. According to the German Constitution, almost half of federal laws need to be approved by the superior chamber.

Within the competence of local authorities usually fall problems of self-administration, such as culture, education, local budgets, health assistance, public order. Yet, things are not as simple because the central authorities retain a number of leverages of influence over their subjects. In Germany, for example, the federal authorities have the right to adopt laws related to the local public administration. The Spanish Constitution provides for a series of areas of competence that can be offered to autonomies. As a consequence, one cannot talk of a random approach; all competencies granted to autonomies are negotiated between the central power and the local one and are included in an agreement, which is to be mutually observed. Such an agreement between central and regional authorities exists in Italy too, although Italy is not a *de jure* federation, and it relates to the rights of each region. By all appearance the OSCE draft provides for the constitution in the Republic of Moldova of a non-centralized federation.

4. The distribution and exercise of powers. From this perspective federations are classified as binary and cooperative. Chronologically, federalism has evolved from the binary system whereby the distinction between the powers of the center and regions is very clear to the cooperative one. In cooperative federations powers are blurring to allow the optimum efficient solution for current problems. Cooperative federations are the USA, Germany and Austria. It is worth mentioning that the subjects of current federations are not sovereign. In none of the European Constitutions are the rights of federal subjects provided for. In the constitutions of Switzerland and Spain it is expressly stipulated that territorial units do not have the right to enter into alliances or conclude political treaties with each other without the authorization of central governments. Thus, federal subjects are denied the right to conduct foreign affairs independently. In Switzerland the cantons last signed international treaties on their behalf in the 1940s. The German *Lander* can sign international treaties only in such areas as culture, education and science. Moreover, to enter this kind of treaties they need the approval of the central government, which decides whether such treaties touch upon the German foreign policy interests or not.

Since federations are self-organized systems, they might devise heterogeneous development. To balance such trends many of the extant federations entail mechanisms of homogenization providing for convergence schemes for less developed regions (Germany and Russia). In this sense an eventual federation in Moldova should provide for a mechanism of redistribution of incomes from Transnistria to Gagauzia. The industrial potential of Transnistria is accidental, including due to the indirect contribution of Gagauzia which was imposed an agricultural specialization.

Still, the major role in regulating relations between the center and the federal subjects belongs to the financial-fiscal policies, and not the restraint of competencies.

Germany is a renowned innovator in the field of financial relations in a federation. The German model rests on the mechanism of financial autonomy. The federation and its subjects are independent financially in that they are to fund independently the activities that fall within their constitutional competence. It is exactly for this reason that the distribution of tax returns between the Federation and the subjects is done based on their powers in order to ensure the functioning of central and regional structures. The income and corporate tax returns are distributed equally between the center and the subjects, and the VAT due to the subjects is established by law. Also, the German Constitution provides for the redistribution of incomes to balance the incomes of citizens from various *Lander*. The central government offers subsidies to "poor *Lander*", so that the income per capita in all *Lander* be equivalent to at least 95% of the country average. It is believed that this way the German cooperative federalism is distinct from the American federalism where citizens vote "with their feet" migrating to states where the living standards and the prospects for economic development are higher. The American system has advantages too. It is believed to be the duty of federal authorities to make sure the economic situation and the population's incomes are high enough for the population not to migrate. Otherwise states risk suffering substantial losses due to the fact that the money that they get from the federal budget is proportionate with their number of inhabitants.

It is worth mentioning that the rights of federal subjects are not limited to financial autonomy. According to the provisions of a number of federal constitutions the subjects can have their own constitutional and legal regimes. The political reform in Belgium directed towards federalization started with the introduction of constitutional provisions related to the establishment of regional parliaments and governments in the Walloon region, the Flemish region and the Brussels region.

5. The way of functioning, the difference in the status of subjects, the internal organization of subjects. According to this factor, federations are classified as symmetric and asymmetric. Most stable federations are symmetric with few elements of asymmetry. This means that all federal subjects are equal, although small exceptions are made that are not related to their legal status (USA, Germany, Brazil). These differences are usually related to the factors that lay at the foundation of a federation, national or territorial and which are very important for the establishment of a federation. From this point of view, for instance, Russia is rather an asymmetric federation, being made up of republics, *oblast'*, *kray*, autonomous entities etc. The republics have more rights than other subjects, which determines the latter to seek equal rights facing strong resistance from the republics. It is believed that asymmetric elements generate chaos. In Moldova it is not clear yet whether the type of federation that is being proposed is symmetric or asymmetric. Likewise, we do not know yet whether the parliament and other bodies of the federation will be

bodies of Moldova as a federal subject. The example of Yugoslavia has shown that the latter formula is extremely dangerous.

Therefore in federal states the central powers have the right to introduce the emergency state in the autonomies when there is such a need, but as a rule central authorities avoid turning to such measures. Hence the importance of the structure of law-enforcing institutions.

For example, according to the Swiss Constitution, the Swiss Confederation guarantees the territorial integrity of cantons as well as their sovereignty within the limits provided for by the Confederate Constitution, the constitutions of cantons, people's freedoms and rights. Where necessary the confederate authorities can introduce the state of emergency in cantons and can suspend the citizens' rights and the powers of canton authorities.

We have already shown that there is no federation, which would provide for the rights of subjects to secede, and such cases are solved including by military means (for example, Western Australia in 1938, Russia in 1995). Still, many secessionist conflicts occur, as for instance Singapore seceded from Malaysia in 1965. Hence federations are not very different from unitary states. The basic principles are the same: common territory, a community of people who own the sovereignty, common power bodies at national level. To ensure the stability of federal systems it is necessary for the internal relations to be quite strong and for none of its constituent parts to have priority over others. The relations between the center and the subjects should be mutual. As soon as these principles are breached, federations collapse. The international experience has shown that for federations to be stable federal centers need to hold a series of exclusive powers and the capabilities necessary to ensure territorial, economic, political, and socio-cultural integrity.

### **III. Risk and stability factors in a federation**

Talk about ethnic federalism and its efficiency has been more intense lately. Most federations are constituted according to the territorial criterion (USA, Germany, Australia) and the federal subjects have equal rights. This type of federations are usually more stable than the ones constituted by ethnic principles. In countries where federations are constituted by the ethnic criterion there are trends towards secession and the creation of autarchies. Therefore, a number of experts, especially Russian, have argued that the federations constituted on ethnic principles are not viable.

#### **1. Criteria of assessing the stability of federal states.**

These criteria can be classified as internal and external. The internal ones refer to the criteria based on which the territorial or ethnic federations have been founded, the role played by a certain ideology, the level of democracy, the perception by citizens of the federal choice.

The importance of such external factors as the geographical distance from the powers of the time, the experience of a unifying war against colonial power (followed by a long period of external security), rich natural resources, has been widely shown upon the constitution of the USA.

If we were to determine a scale of stability of federations based on the above factors, as extremely stable, relatively unstable, and stable, the following classification would obtain:

- a. **Extremely unstable.** Federations constituted on ethnic and ideological criteria that collapsed - USSR, Czechoslovakia, Yugoslavia;
- b. **Relatively unstable.** Federations in permanent crisis - Canada, Belgium, India, Nigeria, Russia;
- c. **Relatively stable.** Multi-ethnic states with elements of federalism, but which resolve their ethnic problems based on regionalist projects (Italy and Spain);
- d. **Stable.** Federations based on the territorial criterion and ethnically homogenous, such as Germany, or homogenous in terms of diversity, such as the USA. According to the degree of stability the ethnically homogenous unitary states such as France can be included in the same category.

## 2. The case of the Republic of Moldova.

Although the draft agreement on the federalization of Moldova is, in our view, one constituted according to requirements, it nonetheless includes a series of drawbacks, the most important of which is the fact that the number of federal subjects is not specified. This renders the situation difficult due to the fact that the Gagauz leaders demand that Gagauz Yeri becomes a federal subject with equal rights. This is one of the electoral promises of the newly elected Governor Gheorghe Tabunscik who had the support of the Communist Party of Moldova. There are no provisions whatsoever with regard to the institution of a constitutional body as it is often the case in existing federations. Instead, the role of such an institution is to be assumed by some state guarantors, a provision that the opposition parties have qualified as undermining the sovereignty and independence of Moldova. It is true that this provision is to be effective only during a transition period. Finally, most curious is the provision in Article 42 which claims the superiority of the federation agreement over the Moldovan Constitution.

If we were to use the scale mentioned above and relate the factors known to be generating stability in a federation to the ones generating instability we would observe that the equation is not in favor of a federal Moldovan state; the subjects of an eventual Moldovan Federation will be constituted on ethnic principles; the ruling party, due to its position, is obliged to promote a policy of reintegration whose program objective is building a communist society; the reintegration is proposed to be effected following a separatist conflict whose causes are seen completely differently by both the elite and the citizens of the parties involved; the guarantor states have overt interests in the Transdnistrian region etc. Considering these factors, the proposed Moldovan federation will oscillate between one extremely unstable and one relatively unstable.

Still, because the federalist solution to the conflict is somehow imposed from outside, the guarantees for stability should be external too, but by states with a record of positive experience in building federations, as well as international organizations.

As a matter of fact it is not even known if the leaders from Tiraspol will accept the draft proposed by the OSCE at all. They are advocating a contractual Moldovan federation, which is to be formed by equal subjects, based on the model of the USA when practically independent states joined together in a federation. According to them, for this to happen the Republic of Moldova needs first to recognize the independence of Transdnistria, and then the two absolutely equal subjects, as founders of the Moldovan State, would conclude the federation agreement. The federation is to presuppose that the sovereignty belongs to the federal subjects who will delegate rights to the federal center. Obviously, if something goes wrong, the subjects can withdraw their delegated powers at any time. It is exactly for this reason that the Tiraspol leaders fail to see any difference between a federation and a confederation. It is very unlikely that Moldova will approve of these proposals. Even if this were to happen, the quality of Transdnistria as a founding party of the federal Moldovan state would mean revolutionizing the Moldovan statehood.

Still, it appears that the Moldovan leadership has rushed to accept the federalist draft and has failed to convince the guarantor states that Moldova would prefer the Spanish federal model. The example of Spain is of particular relevance for Moldova.

In Spain, the majority community is the Castilian one. Along with the Castilians, the Spanish regions are populated by Catalans, Basques, Galicians etc. After Franco's death in 1975, the country made efforts to modernize and adopt a new constitution. A series of measures were taken in this sense. First, the Spaniards' main concern was to legitimate the new bodies of central power. A national referendum on the reform of the party system was held which allowed for the organization of free and fair elections. Then the new Constitution was adopted in 1978 within a national referendum. Only then did the process of decentralization and autonomization of territories start. The new Constitution enshrined democratic principles but eluded references to federalism preferring the term "the state of autonomies" in order to discourage separatism. Experts in constitutional law believe that the Spanish autonomies enjoy the rights of federal subjects.

### **3. The eventual stages of federalization of the Republic of Moldova.**

If the secessionist conflict in Moldova is resolved through federalization, then the following stages are to be considered. First, the OSCE draft agreement is to be signed as a political document, then a new constitution and a new electoral law is to be adopted. Next, the draft of the new constitution is to be adopted within national referendum on both sides of Nistru River. This is to be followed by elections to the federal bodies, the adoption of federal legislation, and the adoption of subjects' constitutions and of legislation to harmonize the relations in areas of national and mutual interest. The next steps will be elections to the representatives bodies of the subjects, the monitoring by international institutions of democratic processes on both sides of Nistru River, the implementation of economic aid programs by the countries and institutions that advised us to accept the federalist solution. In this sense, the

President's initiative to create a Minister of Reintegration makes sense to the extent that the occupant of this position will be tackling the stages proposed here.

## **Metamorphoses**

December 16, 2002

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Republic of Moldova President, Vladimir Voronin is due to make an official visit to US at the invitation of US President George W. Bush on December 16-20. There are very high expectations attached to this visit. Firstly, it follows the Prague and Copenhagen Summits, where historic decisions with regard to NATO and EU extension were taken. Those two events would have a crucial impact on the political developments in the region for quite a long time. President Voronin's reaction to the events followed shortly afterwards. Namely, during the first session of the National Commission for European Integration of December 12, President Voronin stated that "European integration is an imminent process and Republic of Moldova could no longer avoid it". One may interpret the statement as follows: Republic of Moldova has done everything possible to avoid European integration, but now the external environment makes it impossible to fight the process any longer. Indeed, the ruling party opposed all pro-European projects undertaken by the previous Governments.

Secondly, the official visit would follow another important event, OSCE Summit in Porto held on December 6-7, 2002. Republic of Moldova failed to convince European Forum to exercise some pressure on the Transdnistrian breakaway regime, in order to make it more flexible at the negotiation table. It was the first time Republic of Moldova openly asked for such tough measures. Moreover, on the eve of the OSCE Summit representatives of Russia, Ukraine and OSCE submitted a document for Chisinau and Tiraspol to sign stating that both countries undertake to establish a contractual federation. Tiraspol yielded to the mediators, whereas Chisinau refused to sign the document on the grounds that it is a trap. Clearly, contractual federation is just an intermediary, but very important stage for Transdnistria to gain its independence. Recent developments indicate that Chisinau can no longer count on Moscow's support in a fair settlement of the Transdnistrian problem. Russia has entered electoral campaign for the Duma elections, accordingly Russian political elite is rather concerned with exploiting "patriotic feelings" of their fellow countrymen, especially as the country leadership is blamed for yielding too often lately (to cite only NATO troops in Central Asia as well as NATO extension). Presidential elections are due in Russia after the parliamentary ones, consequently in the next two years Republic Moldova could not count on any change in Russia's attitude on the Transdnistrian conflict. It is obvious that even within OSCE, Russia's opinion is the one which counts, and unfortunately it's not in favor of Moldova. The fact that Russia got an extension for withdrawing its munitions from the East of the Republic of Moldova is viewed as a huge advantage for Transdnistrian administration, which in the last 12 years learned to exploit politically, economically and financially the fact that Russian army and munitions are stationed on its territory. There is no doubt that the same story would be perpetrated in the future. Only this time it would be amplified by elections in Russia and by the myth of Transdnistria being the last Russia's redoubt at the border of Balkans. It is another story whether anybody needs this redoubt.

Given the above said, Republic of Moldova's only hope left is US and EU, despite the fact that incumbent governing previously opposed internationalizing the Transdnistrian conflict. One of the merits of the President Voronin is that he managed to surmount his own stereotypes about "American imperialism" and those of his fellow party members and "accepted to talk" to US President as well as to address EU leaders asking for their assistance in settling Transdnistrian crisis. Given the fact that Transdnistrian conflict settlement is one of the major objectives of the ruling party, the results of the US official visit are of special importance. It is expected that Chisinau could count utmost on US support in establishing a federation in the Republic of Moldova as a result of the power decentralization. In this case, Transdnistria would become a subject of federation, without its sovereignty or right to secession being recognized.



## **Referendum on joining EU**

December 23, 2002

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Vladimir Voronin's visit to Washington and his appeal to heads of EU states to support Republic of Moldova's efforts to join EU are undoubtedly the most significant events of the 2002 political year. Both of them may be regarded as follow-ups to the Prague and Copenhagen Summits, where major decisions with regard to NATO and EU extension were adopted. Under those circumstances Moldova becomes a neighborhood country to both structures.

President Voronin visit to Washington on December 17-20 might prove very handy in settling problems that might facilitate joining EU. In this respect, the joint statement of Presidents Bush and Voronin refers specifically to the US support in settling Transnistrian conflict, assistance in foreign debts settlement, and economic recovery of the Republic of Moldova. Indeed Republic of Moldova could count on US support if it continues economic reforms and observes democratic standards.

As for EU integration, this is a long-term desideratum. Voronin's message to European officials reads "the idea of EU integration is a unifying and mobilizing factor for the country". The truth is that EU integration is a mobilizing factor only for the citizens who voted for opposition parties, and they account for 47% of the electorate, according to the last election results. In the very same election the unifying idea for 50% of the voters was joining Russia-Belarus Union and the champion of this ideal was the Communist Party headed by Vladimir Voronin. Several polls conducted in 2002 indicate that the number of people supporting EU integration equals the number of people supporting integration with Community of Independent States (CIS). Consequently it would take considerable efforts to consolidate the society around the ideal of European integration. Indeed, President Vladimir Voronin has the power to influence and convince the party electorate that EU integration opens large perspectives for the Republic of Moldova normal development. However, it would be much more difficult to convince the opposition that authorities are sincere in promoting EU integration. Opposition does not indulge itself in being naive.

One may say President's message on EU integration was intended rather for the abroad audience. On the other hand, opposition believes there is an authoritarian regime in the country, and that is exactly why they appealed to Council of Europe to closely monitor the country so as to prevent any "slippage from democratic norms". And most notably, the party headed by the President of the country hasn't been reformed yet, continuing to operate under Marxist-Leninist principles. All the aforesaid point that there are far too many domestic problems and that Moldova is still too far from meeting the EU standards. An illustration of this is the document made public by TACIS country representative, Jo Declercq, which calmed down Moldovan authorities' integration fever right at the time Voronin was on official visit in Washington. The aforesaid document is three years old and outlines the conditions to be met by the country in order to initiate talks with EU. The document was probably developed at the time of Sturza Government, which made EU integration one of its top priorities. Now we realize that we have lost three years in vain and are still not in position to initiate negotiations.

Indeed, the President may invite pro-European parties for consultations within the framework of the Social Pact, which he initiated in view of elaborating the Strategy of EU integration. But it seems that the Communist Party and opposition compete in advocating for EU integration. Furthermore, even opposition parties contest among themselves who's the pioneer in launching EU integration idea. Given the aforesaid Christian-Democrats idea to initiate a referendum so as to consult the citizens seems timely and appropriate. The fact is that only a referendum might turn the idea of European integration from political speculations to a legal issue, as citizens stand for the sovereignty. Furthermore, once referendum is initiated both authorities and leaders of the ruling party would find it difficult to hamper it or to avoid electioneering in favor of European integration. Still if they were to do so, they would have been accused of insincerity and would have put the President in a quite difficult position, as he was the one to issue in September a Decree on establishing a National Commission for European Integration. On the other hand, electioneering for integration would not exactly help Communists to save their face, due to the huge contrast between their political program and EU integration principles. The referendum would force the Communist party to initiate reforms within the party and to adjust its political program to the EU requirements.

This undertaking is an intelligent and tiresome effort. It is a challenge both for the ruling party as well as for the opposition parties. The only solution for the ruling party is to reform itself prior to the referendum, which won't be easy to achieve due to the shortage of time. Furthermore this undertaking might endanger the Communist party unity.

The opposition parties are also not in the best situation. Although they share similar values Christian-Democratic Peoples' Party and the rest of opposition parties are in the state of "cold war". Several years ago, during its "clean hands" campaign Christian-Democrats accused their former coalition partners of corruption, fact that resulted in the ousting of the reformist Ion Sturza Government. The court didn't find enough evidence to support Christian-Democrats' allegations, rather those allegations ruined small but promising parties.

The differences between Christian-Democrats and other opposition parties have surfaced this year during the protest rallies initiated by the Christian-Democrats in the form of "meetings with voters". On these grounds, Christian-Democrats were accused that they "monopolized the microphone" on the Great National Assembly square, where the protest rallies were staged. Once Christian-Democrats launched the idea of a referendum on EU integration, the rest of opposition parties have no excuses to refrain from supporting the initiative. They were the ones to launch the idea of EU integration in 2000 when 20 out of the 25 political parties signed a memorandum in this respect. This year also, political parties participants to the Permanent Round Table reiterated the same idea of signing a memorandum on EU integration, however they lacked the insight to go for a referendum, as did Christian-Democrats.

The way the initiative group was established and the appeals to other parties to join the signature collection process (500,000 signatures instead of 200,000), are illustrative of the fact Christian-Democrats undertook the role of pro-European integration force. There is no doubt that Christian-Democrats could collect the 200,000 signatures on their own, without the support of other political parties. The

parties adhering the initiative would have to acknowledge Christian-Democrats superiority, whereas the parties choosing to ignore it, would be accused of not being able to overcome their envy, even for the sake of such an undertaking of strategic importance for the Republic of Moldova.

Authorities and Communist leaders showed no signs of enthusiasm at the Christian-Democrats' initiative, labeling it as useless due to the fact that there is a consensus on European integration among political parties. However, the truth is that a would-be referendum would narrow Communists' maneuvering power, and would cut the possibility of withdrawing, namely abandoning the idea of EU integration, as they already did with the Russia-Belarus union. One may not rule out the aforesaid scenario. For instance, under the Basic Treaty signed by Republic of Moldova and Russian Federation, the latter is a guarantor country to the settlement of the Transdnistrian conflict. If Transdnistrian gains an equal status to that of the Republic of Moldova as a result of the federalization, and if it chooses to join CIS rather than EU, than Russia would probably have to ensure this. Further, if on the eve of elections Republic of Moldova would be increasingly pressured by Russia to pay its debts for natural gas supplies, or would have to raise the price on it, there are great chances Communist authorities would revise their pro-European strategy in favor of Eurasia Union. For these reasons, only a referendum might clarify Republic of Moldova's EU integration intentions.

## Overview of year 2002

December 30, 2002

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It seems the most important events of the 2002 were: protest rallies at the beginning of the year; OSCE draft on the federalization of the Republic of Moldova; October CIS Summit; Presidential Decree on establishing a National Commission for European Integration; Christian-Democrats initiative to conduct a referendum on joining EU and NATO; and President Voronin's official visit to Washington.

The aforesaid events are important, as they have marked the beginning of important stages in the political process having a major impact on the Republic of Moldova. Let's say protest rallies staged by the Christian-Democrats at the beginning of the year ended with the adoption of PACE Resolution and close monitoring of political developments in the Republic of Moldova by the Council of Europe. The fact that Republic of Moldova is due to take over the presidency of the Council of Europe Ministerial Council at the time Communists are in power, seems an advantage. For one thing, this may serve, as a guarantee that there would be no "anti-democratic slide" within the country at least for the time period Republic of Moldova would hold the presidency.

OSCE draft on the Republic of Moldova federalization marked the negotiation process on settling Transnistrian conflict and would have serious repercussions. The fact is that, political forces in the Republic of Moldova insisted on the internationalization of the Transnistrian conflict settlement process, but they never managed to produce a proposal on settling the conflict convenient for the Republic of Moldova. Not to say that the international machinery is very slow in examining issues concerning such small and exotic countries like ours. Under those circumstances the country leadership preferred to accept the federalization draft presented by OSCE. It was only on the eve of the OSCE Summit in Porto that Moldovan leadership realized that it has fallen into the trap. Russia, Ukraine, OSCE and Transnistria made an attempt to force Republic of Moldova to sign a statement of intentions on the establishment of a "contractual federation". Moldovan representative refrained from signing, as he understood that the "contractual federation" was the intermediary, but decisive step towards Transnistria's independence. Considering the aforesaid one may conclude that there are no chances for Republic of Moldova to avoid federalization. The only thing left is to gain the acceptance of federalization through decentralization, i.e. a federation is to be established and within its framework Republic of Moldova would grant extensive prerogatives to Transnistria, however without recognizing its sovereignty and right to cession. The only way to achieve the aforesaid is by gaining the support of US, the only superpower able to overcome any impediments. Republic of Moldova would have to undergo a long and tiresome reorganization of the state power under a severe economic crisis. This reorganization would take quite a long time and all this time the major mediators - Russia and Ukraine would take Tiraspol side. Considering those circumstances President Voronin was right to ask for US and EU support, despite the fact he used to oppose such an interference. This however, might jeopardize the unity of the ruling party. Consequently, Vladimir Voronin would have to navigate under extremely difficult conditions, especially as in order to gain EU and US support he would have to accept some inner reforms.

The joint statement of Presidents Bush and Voronin signed during Washington visit contains extremely important provisions regarding reforms, investments, etc. It also stipulates the need to further ensure the freedom of press and free and fair elections. The latter is probably a polite warning made by US authorities once the experience of elections in Gagauz-Yeri and situation of mass media in Moldova came to their knowledge.

The metamorphoses in President Voronin's political orientation could have been predicted earlier on. It seems Moldovan authorities realized long time ago they have nothing more to expect from Community of Independent States (CIS). CIS member countries pursue quite different interests and Russia does not possess enough economic and financial resources to keep those countries within its exclusive field of interest. For instance, Ukrainian President, Leonid Kuchma, stated recently there was no reason for his country to enter Eurasia Union, unless Russia equals the prices it charges from members states to the inner ones.

From this perspective, Moldovan authorities' declarations that EU integration did not contradict CIS membership are rather precaution measures aimed at avoiding confrontation with Russia. Both political leaders and analysts agree that CIS is an inoperative structure and the only thing it is capable of is cutting its enormous personnel. Needless to say, President Voronin signed the Decree on the establishment of a National Commission for European Integration right before the CIS Summit in Chisinau. The nine years passed since Copenhagen Summit, which adopted the standards and criteria for EU extension, have shown political and economic progress that could be achieved by candidate countries. Even the incumbent ruling party in Moldova cannot deny this fact.

And finally, Christian-Democrats initiative to consult the population on whether to join EU via a national referendum might prove to have a great impact as well. This is a very positive initiative although at the first glance one may say there is nothing special about it, as long as practically all political parties are in favor of European integration. The positive thing about it is that only a referendum might turn the idea of European integration from political speculations to a legal issue decided by citizens of the country, even if it is only a consultative referendum. Let's not forget that political leaders rapidly change their opinions readjusting them to the conjuncture.

However under the internal and external pressure the ruling party would have to face its reformation. The issue was raised during the May Party Plenary Session, however there was no follow-up. That is why, there is an impression of a gap between the President Voronin message and the principles stipulated in the party official documents. Only recently the Communist Party ideologists started a debate with social-democratic parties. Communist Party ideologists accused Moldovan social-democrats of discrediting the idea and claimed that they were the real social-democrats, although they had no intention to change the party name, which is so popular among the impoverished population of the country (accounting for 80%).

Given the aforesaid one may conclude that the most important events of 2003 would most likely be related to: withdrawal of Russian munitions from Transdnistria and negotiations on federalization of the Republic of Moldova; local elections scheduled for May; consultative referendum on joining NATO and EU; elaboration and

enforcement of the Poverty Reduction Strategy under the supervision of the WB and IMF; elaboration of the Strategy on European Integration; and reforming ruling party. All of the said events are very complex ones and because of this the relationships between the ruling party and opposition would be of crucial importance. In 2002 those relationships generated too many political conflicts.